GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2983
ANSWERED ON:02.08.2002
SUGAR MILLS IN CRISIS
ASHOK NAMDEORAO MOHOL;MANSINH PATEL

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Indian sugar mills are facing serious problems;

(b) if so, the details thereof;

(c) the remedial steps taken proposed to be taken by the Government to rectify these problems;

(d) whether overseas sugar mills are also facing similar problems as faced by Indian sugar mills;

(e) if so, whether a study has been conducted in this regard; and

(f) if so, the main features of study conducted in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a),(b)&(c): Due to high level of sugar production during the last three sugar seasons and the current crushing season, the sugar mills have accumulated huge stocks. This has resulted in higher carrying cost. Further, the sugar prices in the open market have also declined as compared to last year, which has adversely affected the viability of the sugar mills.

The following measures have been taken by the Central Government in order to improve the viability of the sugar mills.

(i) The levy obligation of the sugar factories was reduced to 30% from 40% with effect from 1.1.2000 and subsequently to 15% w.e.f. 01.02.2001. This has further been reduced to 10% w.e.f. 01.03.2002. This will enable the sugar factories to sell more sugar under free sale quota in the open market and thereby obtain better realization.

(ii) Export of sugar has been allowed without any restrictions on quantitative ceiling.

(iii) In order to boost export of sugar, the following steps have also been taken by the Government:

(a) The sugar meant for export has been exempted from the levy obligation.

(b) DEPB @ 4% F.O.B. value of export of sugar has been allowed.

(c) Sugar Development Fund Act, 1982 has been amended so as to utilize inter-aliafor defraying expenditure on internal transport and freight charges to the sugar factories on export shipments of sugar.

(d)&(e): Central Government has not conducted any study in regard to the problems being faced by the overseas sugar mills.

(f): Does not arise.